

Montana Transportation Commission

October 13, 2004 meeting

Kwa Tuk Nuk Resort ~ Polson, MT

In attendance:

Shiell Anderson, Transportation Commission Chair
Nancy Espy, Transportation Commission Vice Chair
Kevin Howlett, Transportation Commissioner
Meredith Reiter, Transportation Commissioner
Dan Rice, Transportation Commissioner
Dave Galt, Director –Montana Department of
Transportation (MDT)
Jim Currie, MDT Deputy Director

Tim Reardon, MDT Chief Counsel
Sandra Straehl, MDT Rail, Transit & Planning
Administrator
Joel Marshik, MDT Chief Engineer
Janice Brown, Montana Division Administrator – Federal
Highways Administration (FHWA)
Mike Duman, Assistant FHWA Division Administrator
Loran Frazier, MDT Missoula District Administrator

Please note: the complete recorded minutes are available for review on the commission's website at http://www.mdt.state.mt.us/trans_comm/. You may request a compact disc (containing the audio files, agenda, and minutes) from the transportation secretary at (406) 444-7200 or ldemont@state.mt.us. Alternative accessible formats of this document will be provided upon request. For additional information, please call (406) 444-7200. The TTY number is (406) 444-7696 or 1-800-335-7592.

Chairman Anderson called the meeting to order at 8:03 am.

Agenda item 8: Local government bonding status

Delegation from the city of Kalispell

Jim Hansz – public works director, and Charles Harball – city attorney

Hansz presented an update on the possibility of bonding projects on the Urban highway system. Unfortunately, current law will not allow the city to use Garvee bonds. They are now pursuing legislation to address the law that prevents them from working with MDT on bonding arrangements. The draft has been provided to MDT for review. All the major cities and the League of Cities support the legislation. Hansz was uncertain as to how this would affect the timing of the North Meridian Road project, however, given all the factors and parties involved.

Currie said obviously how the legislature responds to this will be critical to whether or not the project moves along. He confirmed that MDT supports this proposal and would like to go forward with it. We have had a lot of discussions about the mechanics of this and what might be the best way to move forward. We initially thought the cities could utilize their bonding authority and pursue their own Garvee bonds, which has been done in other states. Another approach would be for the department to pursue statutory authority to give the department its own bonding authority; we would issue the bonds under the department's authority and bonding capacity. This would simplify things a lot. At this point, we have only discussed this internally and would need to have buy-in from the local governments.

Straehl pointed out the need for the commission to consider adopting a policy to support any such action involving the Urban program. For example, right now you can't borrow against future allocations in the Urban program more than 50 percent of the whole program. We would need to consider similar policy considerations so as not to overload the urban program. She urged caution and the need for a cushion in the program, especially given the uncertainty of the federal program.. Right now the urban program is allocated \$8.2 million per year and distributed on a per capita basis.

Chairman Anderson asked about the timing of making any policy decisions compared to the legislature. The legislation might supersede any policy decisions the commission might make. It might be important to have the policy prior to the introduction of any legislation.

Reardon said he has reviewed the draft legislation and put forth some suggested revisions. He suggested revising the legislation to allow the commission and local government to enter into an agreement that would set the terms under which the commission would agree to participate in the bonding process. The contract would contain the specifics we're talking about, such as how many years of urban allocation would be required to retire the bond debt. Reardon said he hesitated to put too much detail in the legislation and recommended "simple is better." Once local governments have been granted authority to do the bonding, he would prefer legislation empower the commission to make the decisions as to how much debt would be allowed and how the bond debt would be retired. He also had some concern about the accounting details in the legislation and how we would work those out internally. Currie said the department's support hinges on Tim's revisions being included.

=> Straehl said her staff would start an analysis of the urban program and how it might be impacted if local governments are granted bonding authority.

Commissioner Howlett asked how we factor in loss of population, if 5,000 population is the cutoff figure. Straehl said the urban designation happens with the decennial census, so there is potential for areas to move in and out of the program every ten years.

Chairman Anderson suggested a letter from the commission to the legislature to outline their concerns and suggestions. => Galt suggested waiting until the final bill is introduced in the legislature so the comments can be targeted. It would be best to have such a letter signed either by the members of the commission who will be serving at that time, or the task could be delegated to the commission's attorney, Tim Reardon.

FHWA did not have any comments to add.

Agenda item 1: Rename the Milk River Bridge east of Lohman (Blaine County) to Herschel Fox Bridge

Commissioner Rice said he spoke with one of the Blaine county commissioners and they seemed pretty enthusiastic about the request. He suggested this would be a positive action with no ill side-effects. The cost to us (maintaining the signs) would be minimal.

Chairman Anderson thought there wasn't inadequate notice and there should be a broader base of people involved in the decision. Galt offered to take this to the next legislature. Alternatively, department staff could prepare a draft commission policy.

Commissioner Espy suggested we might be underestimating the power of the county commissions. Their meetings and minutes are well-publicized in local newspapers, so she thought the vast majority of area residents would be aware of the proposal. She agreed we should come up with a policy for the commission, but for today would make a motion to accept staff recommendations to approve the renaming of the Milk River Bridge east of Lohman in Blaine County to the Herschel Fox Bridge; Commissioner Howlett seconded the motion. Four commissioners voted yes with Chairman Anderson voting no.

=> Staff will prepare a policy for the commission's consideration and present it at the December 10 meeting.

Agenda item 6: Cost changes for Missoula area projects

- a. CM 0002(105) Brooks/South/Russell Intersection
- b. STPP 7-2(38)91 Brooks Street – Missoula

Delegation from the city of Missoula - Bruce Bender, Public Works Director

Bruce Bender said "malfunction junction" in Missoula (as the intersection of Brooks/South/Russell is known) has been recommended for improvement since the 1960s. With carbon monoxide nonattainment levels at the intersection, Missoula was eligible under TEA-21 to receive CMAQ monies.

The city has been managing the project directly under contract with the Montana Department of Transportation. This has been a very difficult and controversial project from the beginning. The initial idea to install an overpass was rejected by the public because of the huge impacts, especially economic impact to area businesses.

A preferred alignment was finally selected in 1997 and we have been designing the project for the last seven years. The air quality board has adopted the solution as part of the state implementation plan. Right-of-way acquisition and design are complete. The project is up for bid next month. We are here to affirm the project and the need, and that the funding is available through CMAQ and our urban funds.

Straehl said these items are before the commission because the cost of the two projects has increased to the point that additional commission approval is needed. Both projects are fundable. Our agreement with the city will specify that any cost overruns will be the responsibility of the city of Missoula.

Frazier said it will be more efficient to do the two projects together, rather than doing the Brooks Street mill/overlay first then later tearing it up to do the intersection work.

Commissioner Howlett moved to accept staff recommendations to approve the additional work and funds for the two projects as proposed; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 2: Add County Road 02200 (West Crow Agency) to state maintenance system and nominate reconstruction safety project

Bruce Barrett explained the chronological history of the road as best he could (despite three years of research with Big Horn County and the BIA, there is still missing information). In January 1959, the state of Montana, acting through the Transportation Commission, acquired right-of-way for this road as part of the Interstate construction. Somewhere along the way, however, the road disappeared off the plans and its ownership became unclear. Someone, possibly the BIA, changed the T-intersection to a curve. That curve is substandard and the poor sight distance is causing accidents.

According to the department's legal counsel, we *are* responsible for the road and need to fix the safety problem that now exists there. Big Horn County is willing to maintain the road if we fix the road. We would like to remove the curve and install a T-intersection and a school bus turnout. It will improve both safety at the intersection and the safety of school children. We don't know yet if we will have to acquire right-of-way or not.

Under the advice of counsel, we cannot give the road back to the tribe or the county. The next best thing is for us to fix the road with the day-to-day maintenance being provided by the county. We will still be responsible for any new pavement, etc.

Commissioner Howlett asked if there would be a memorandum of agreement with the Crow Tribe to document their thoughts. Barrett said all the correspondence for this project has gone through Big Horn County. He confirmed we have an agreement with the Crow Tribe for all projects on the reservation and would develop a project-specific agreement (PSA) for this specific project.

Commissioner Reiter moved to accept staff recommendations to approve the addition of Route 1 (L-02-200) to the state maintenance system and approve a state-funded reconstruction project to address the present safety hazard; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 3: Approve Alkali Lake wetland mitigation project on Blackfeet Indian Reservation

Straehl introduced Larry Urban, the state's wetland coordinator. He explained that, as a result of the feasibility study authorized by the commission last year, we propose to reconstitute the southeast arm of Alkali Lake in cooperation with the Blackfeet Nation and the BIA. This would satisfy the mitigation needs for the five projects we currently have in the area, including the Meriwether-East project.

Galt said the Meriwether-East project on US 2 is a stretch of highway that's in desperate need of repair. We had this project ready to go in early 2004, but because we didn't have final approval on this wetland mitigation plan, the Corps of Engineers would not allow us to proceed. We have to start the mitigation before the construction project is done. Mick Johnson has worked diligently to move this forward. The Blackfeet nation has worked very hard with us on this. Galt said we would have a financial problem if we don't move this project forward.

Commissioner Rice asked if we were satisfied with the acreage. Urban said yes. We would leave the south lake for other entities such as the US Fish & Wildlife Service – it's too big of a project for us to handle. Water rights are an issue. We could use water from the canal that has water rights adjudicated to the Blackfeet nation.

Chairman Anderson asked if we would receive 22.42 acres of credit for the Meriwether-East project. Urban said the tribal requirement is that we mitigate three acres for each acre disturbed, so we would need about 64 acres to mitigate the Meriwether-East project. If we do this mitigation work, we are hoping to have 150 acres or more of mitigation credit (the site is 200 acres which includes the entire easement area). That will satisfy current requirements and bank us a few credits for future projects such as the Hudson Bay-Divide project.

Commissioner Howlett moved to accept staff recommendations to approve the Alkali Lake wetland mitigation project utilizing NH-STPP-STPS funds in the amount of \$642,740; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 4: Approve silane application to all bridges via 2005-Bridge Deck Treatment Program

Straehl explained the chemical reaction that occurs between water, magnesium chloride (used as a deicer for winter maintenance) and the rebar in bridges. This silane treatment would inhibit the movement of water into the bridge deck and thereby inhibit the destructive chemical reaction. This project is of a statewide nature. The cost-benefit is documented at a ratio of 1.6. The program is proposed for a three-year rotation.

In response to a question about the cost/ability of the department to do the work versus contracting it out, Currie said we will bid it out if it's cost-effective for a contractor to do; sometimes the projects are so small it's simply not cost-effective to bid out.

Chairman Anderson asked what would happen to the \$81,000 if maintenance forces did the work. Currie said the labor cost is non-recoverable. If maintenance does it, the cost is already built into their budget. The \$81,000 would be absorbed back into the budget.

Marshik said we are in the process of learning how this chemical reaction works and are sealing any new concrete bridge decks. This project would retroactively spray other bridges in the state. Marshik said he suspected this would be incorporated into our standard maintenance practices.

Straehl said one of the issues is a backlog of bridges out there that are being exposed to magnesium chloride and degrading faster than they should.

Marshik said our bridge engineer, Kent Barnes, will be here later and can answer any questions. Anderson said we will delay action until we can question Kent.

Agenda item 5: Allocation of funds for projects per MCA 60-2-127

Straehl said this is something that comes before the commission annually to comply with state law. The Tentative Construction Program (TCP) that we're living with now was established last fall. The allocation for new projects was established on October 7 of 2003 when we worked through the P³ process. To disrupt that process now would be impossible.

Straehl apologized that there is not a logical state law behind this request to the commission. This amounts to a request for a "rubber stamp" – the real authority for the commission to influence projects and where the money goes is in the upcoming TCP discussions.

Commissioner Espy moved to accept staff recommendations to approve the federal funds allocation as presented; Commissioner Reiter seconded the motion. All five commissioners voted aye.

Agenda item 15: Confirm upcoming commission meeting dates

Marshik reviewed the five projects bid upon in the September letting. Commissioner Rice asked about the two bids that are significantly below the engineers' estimate and the second-low bids. Commissioner Reiter said these extremely low bids concern him; perhaps companies may not realize that the specifications are not negotiable and perhaps don't fully understand the work. Marshik explained the difference was primarily on the quantity of dirt, which we clarified with the low bidder. Marshik said we're encouraging new contractors to learn the business to help increase competition.

Commissioner Reiter moved to accept staff recommendations to award the five projects presented; Commissioner Espy seconded the motion. All five commissioners voted aye.

No. of Arlee – Vic. White Coyote Rd.

Project NH 5-2(119)19 was awarded to Frontier-West, LLC in the amount of \$7,425,189.79.

Alzada – North (Phase II)

Project MT 323-1(22)60 was awarded to Prince, Inc. in the amount of \$2,877,140.31.

East of Wagner – East

Project SFCS 363-1(7)9 was awarded to 21 Construction, Inc. in the amount of \$844,326.66.

Signal Upgrade – Libby

Project NH 1-1(69)32 was awarded to Scott Construction, Inc. in the amount of \$487,185.47.

Wagner Pit Wetlands

Project STPX-STPS-BR-IM 56(50) was awarded to Bainter Construction, Inc. in the amount of \$358,367.43.

Agenda item 7: Speed limit studies

Marshik summarized the results of the speed limit studies and the recommendations.

Secondary 212 – Charlo

- A 55 mph speed limit beginning at station 237+00, project RS 212-2(3) (1,500 feet south of the Bison Range Access Road) and continuing north to station 246+00, an approximate distance of 900 feet.
- A 45 mph speed beginning at station 246+00, project RS 212-2(3) (600 feet south of the Bison Range Access Road) and continuing north to station 8+00, an approximate distance of 1,500 feet.
- A 55 mph speed limit beginning at station 8+00, project RS 212-2(2) (200 feet north of Mission Valley Road) and continuing north to station 34+00, an approximate distance of 2,600 feet.
- For the remainder of the route, excluding the community of Charlo, finalize the interim 65 mph speed limit as the rural base line speed limit for the route.

Secondary 212 – Sanders/Lake Counties

- A 45 mph speed limit beginning at station 396+00, project S 178(2) (1,600 feet south of the intersection with 1st Street) and continuing north to station 405+00, an approximate distance of 900 feet.
- A 35 mph speed limit beginning at station 405+00, project S 178(2) (700 feet south of the intersection with 1st Street) and continuing north to station 412+00, an approximate distance of 700 feet.
- The statutory 25 mph speed limit will remain in effect between the intersection with 1st Street and the intersection with 4th Street. (No change recommendation along this segment.)
- A 35 mph speed limit beginning at station 424+00, project S 178(2) (the north side of 4th Street) and continuing north to station 432+00, an approximate distance of 800 feet.
- A 45 mph speed limit beginning at station 432+00, project S 178(2) (500 feet north of the intersection with North Main Street) and continuing north to station 447+00, an approximate distance of 1,250 feet.

US 12/US 89 – White Sulphur Springs East

- A 35 mph speed limit beginning at station 46+00, project F 239(10) (midway between the intersections with 4th Avenue East and 5th Avenue East) and continuing east to station 58+50, an approximate distance of 1,150 feet.

US 212 – Alzada

- A 50 mph speed limit beginning at metric station 455+60, project NH 23-3(10) (1,100 feet west of the intersection with Secondary 323) and continuing east to metric station 464+75 (250 feet east of the intersection with Secondary 326), an approximate distance of 3,000 feet.

Secondary 518 – Montana City to East Helena

- A 55 mph speed limit beginning at station 224+50, project S 412 (6) (400' east of McClellan Creek Road and continuing east and then north to station 170+00, project S 412 (6), an approximate distance of 3,900 feet.

A 65 mph speed limit beginning at station 170+00, project S 412 (6) (the north end of the section of guardrail) and continuing north to station 12+00, (the intersection with US 12), an approximate distance of 15,400 feet.

Commissioner Reiter moved to accept staff recommendations to approve the speed limits as presented; Commissioner Rice seconded the motion. All five commissioners voted aye.

Agenda item 9: Letting lists

Marshik reviewed the letting lists for the next six months:

- The November letting has a lot of little projects (17) for about \$15 million. The big projects are Grant-West and Brooks/South/Russell intersection.
- The December letting consists of 8 projects for about \$35 million. Meriwether-East is in this letting, along with another US 93 project: Polson-East.
- The January 2005 letting is slated for \$75 million and 15 projects but this is likely to change significantly.
- The February 2005 letting will be worth about \$37 million – 22 projects.
- The March 2005 letting contains 16 projects worth about \$23 million.

Staff recommends approval of the letting list, knowing that there will be adjustments as we go through the TCP process. Currie said he wanted the commissioners to be aware that the fact of the matter is we don't have one dime of obligation authority to cover these lettings. We moved the November letting up to October 7, and we funded that through advance construction. Congress did pass an eight-month extension to the authorization bill. However, the appropriators only have a continuing resolution that runs through November 20th. We anticipate having the obligation authority under the continuing resolution but we don't have it today. Legislators will have to come back in a lame duck session to pass another continuing resolution relative to the appropriations side of things. Once we get that,

we'll be in pretty good shape relative to obligation authority. None of that is in place today. We have moved forward and don't feel a need to disrupt the program at this time.

Commissioner Rice asked if the contractors are aware of the difficulties we're having. Currie said he's briefed the Montana Contractors' Association several times on this issue. I told them it's not our intent to disrupt the program. The only way that will happen is if Congress allows the whole program to lapse. I don't believe they will.

Galt – I was the AASHTO-ARTBA-AGC chairman these last two years. I believe they are doing their level best to petition Congress about this. I have a process to disseminate information and have been doing that. We talked before many of the contractors at their summer meeting. There is no way they can say they didn't know.

Commissioner Howlett moved to accept staff recommendations to approve the letting lists as presented; Commissioner Espy seconded the motion. All five commissioners voted aye.

Follow-up on bridge deck treatment (agenda item 4)

There was a question as to whether this should be contracted out or not. Barnes said the application is relatively straightforward and should be done the most cost-effective way. Since we are new to this, we don't know which way is most cost-effective yet.

Commissioner Rice asked if the corrosion in the rebar is the same as the corrosion that magnesium chloride allegedly causes on vehicles. Galt said there is no argument that deicing chemicals are corrosive to different kinds of metal. The question really is, what is the best chemical to use, and what is the best rate of application. We've spent the last year doing tests around the state using metal plates on vehicles looking at the level of corrosion in separate parts of the state under different conditions. The report is in final draft stage. We have parts of the state with critical bull trout habitat and going back to the use of abrasives is simply not an option.

Galt said the cost to correct this would cost \$9 million per year to move to using CMA (Calcium magnesium acetate), the chemical that is used on airplanes.

Commissioner Reiter moved to accept staff recommendations to approve the *2005-Bridge Deck Treatment Program* in the amount of \$681,000; Commissioner Espy seconded the motion. All five commissioners voted aye.

Agenda item 10: Certificates of completion for July and August 2004

Marshik said we are still working to get these within six months.

Commissioner Rice moved to accept staff recommendations to approve the certificates of completion as approved; Commissioner Reiter seconded the motion. All five commissioners voted aye.

Agenda item 11: Work/change orders

March 2004 = \$2,268,959.82

April 2004 = \$594,681.68

Blackfoot river-12km NE of Helmville

Frazier explained that on the Blackfoot river-12km NE of Helmville project, we encountered some things that were not in the plans, primarily to do with muck excavation. We simply could not reach a reasonable price for the subcontractor to come in and finish the work so we elected to cancel the project with the prime contractor and rebid it. We advertised it in July with a short time frame for accomplishment of the work, but the prices came in too high. So, we are preparing to readvertise the project, with work to take place in the spring.

Jefferson City – Helena

This change order provides for additional asphalt cement. Marshik said we seem to be having troubles with our design mixes using aggregate in the eastern part of the Butte

district. When asphalt is applied to this aggregate, it sucks up more asphalt than the mix design allows for. We have made adjustments but haven't quite hit it yet.

Commissioner Rice asked if it shouldn't be the contractor's risk to assess the quality of the aggregate available. Marshik said most of Montana's aggregate material is non-absorptive, versus Oregon, where volcanic aggregate has more pores in it that affects the aggregate/asphalt ratio.

Barnes, former materials bureau chief, confirmed that Montana's native aggregate is generally not very absorptive. Where there are slag materials that are absorptive, we have that in a special provision and point that risk it out to the contractor. Commissioner Reiter didn't think we should make it the contractor's risk. He said the test results often differ from the results in the field.

Barnes said that part of this is the change to the volumetric spec. Prior to that spec, MDT personnel controlled the percent of asphalt. Now, the contractor controls that completely. We are seeing some changes because they are now responsible for their own mix design. We are looking more at the end result. I think we are on a better course here. Commissioner Reiter agreed.

Woodard Avenue – Absarokee

Chairman Anderson asked how colored concrete complies with ADA regulations. Barrett said the contrasting colors helps the visually impaired locate ramps to the area businesses.

Dillon NE

In Dillon, we will be closing out the existing contract and letting a new one to increase the turning radii for trucks at several intersections. We will be adding new signals and curb and gutter.

Commissioner Rice moved to accept staff recommendations to approve the change orders as presented; Commissioner Reiter seconded the motion. All five commissioners voted aye.

Agenda item 12: Liquidated damages

\$1,142 assessed on project STPP-STPE 27-3(8)79 + Ties – *Wibaux N & S* (Century Companies, Inc.)

\$15,367 assessed on project IM 15-5(99)277 *Gore Hill Interchange – Great Falls* (Century Companies, Inc.)

The commission took no action therefore the liquidated damages stand.

Agenda item 14: Public comment

Lincoln County Chair Rita Windom expressed gratitude for the overlay on the Swamp Creek portion of Highway 2. It is very nice and was done in a timely manner. Libby and Troy ambulances are very appreciative of the overlay; it makes their work in transportation patients much easier. Windom also thanked the commission for the signal work awarded today.

She said since I was here the last time, the lines of communication with MDT have been very good, specifically with Jim Currie and Loran Frazier. Today, I want to discuss the bridge reports. I understand the decking and underpinnings are safe. However, I am concerned that the bridge railings are not safe. If someone hits the railing, they will end up in Swamp Creek. She encouraged the commission to move the project online sooner than 2009. Her constituents are very interested in the test berms that were put in this summer.

Frazier said he and Ted Burch [Operations Engineer with FHWA] went out and looked at the test berms and bridges in the Swamp Creek area. The bridges are in good condition, but the rails do need work. We could repair those rails, at an estimated cost of \$150,000, which would probably have to come out of the maintenance budget.

Galt – I've looked at the bridge reports, and I don't have any doubt that the structures are fine for as wide as they are. It doesn't make sense, with the way we do business, to replace the rails if we are coming shortly to do a project. However, if we won't be coming out until

2009 or 2012, I want us to have discussions internally as to what we can and can't do relative to replacing that railing, which is interesting, at best.

Galt went on record as saying that there is nobody in this department that doesn't believe that Swamp Creek is desperate. However, there are other places in the state that are desperate too. We are coming to a time, with the expiration of the current highway bill, that we don't know what levels of funding we will have. When that gets done and we have a picture of what our funding levels will be, we will have a better idea of where we stand. We will do our best in our planning process to get Swamp Creek in there.

Denise Smith from Senator Conrad Burns's office introduced herself and offered her services.

Agenda item 13: Commission discussion

Tribal relations committee update

Commissioner Rice – yesterday we met with the CSKT council. We see these largely as listening sessions, to hear the concerns and what the current state of affairs are. I think it's fair to characterize the relationship that MDT has with the Salish Kootenai is actually very good. They almost canonized Loran yesterday. We learned some things in our meeting yesterday. We are trying to draw out of each of these meetings what things work, what things don't work, and can they be replicated in other relationships.

Commissioner Rice commended Sandy and her staff for the handbook they put together and said it would have been very helpful as a new commissioner. => The district administrators would like copies too.

=> Marshik noted the handbook didn't contain the MOUs and suggested that would be a useful addition.

Commissioner Espy said we were very impressed with the meeting we had. We hope to do the rest of the meetings soon, weather-permitting.

Commissioner Howlett said the only other observation he had to offer is that if we find things that work, it takes down some barriers. It became obvious yesterday that while they spoke highly of Loran, they spoke as much to him as person and how the person approached and respected the tribe in its entirety, including their sovereignty, their cultural resources, their beliefs and the things that are important to them, not just the asphalt and concrete.

Brown said we're off to a good start and FHWA would like to serve as a resource to the commission.

Commissioner Rice asked for an extension from December 1, 2004 to January 1, 2005.

Follow-up from last meeting

Straehl and staff provided a list of projects proposed for 2005 with the projects located on Indian reservations highlighted.

Update on reauthorization

In 2004, there are two things coming our way: \$8.4 million hoped from the Department of Defense line-item correction, and \$8.8 million from grab bag funds. Other funding additions will bring our advanced construction down to \$3 to 5 million.

Straehl commended Currie, Brown, and Jensen for their management that enabled us to go for grab bag redistribution. Only 19 states applied.

Urban program

The urban program currently receives a \$8.2 million allocation. It is distributed to cities having over 5,000 in population according to a distribution formula. We are looking at possibly moving some money out of our CMAQ funding, which the state has the discretion

to do, into the urban program. This will increase the urban program by approximately 50% for a total of \$12.3 million. We could either distribute the increase proportionately, or take a two-tiered approach. Part of that would be to give more money to those areas that have experienced increased growth of over 15% since the last decennial census, such as Missoula, Kalispell and Bozeman.

Policy update

The commission gave approval on April 27 to put policy information embedded in the commission minutes into policy format. We are making progress and have drafted a couple of policies for the commission's review and consideration. => We will be bringing more to the December meeting and requesting action.

Indirect costs

Currie asked Monte Brown to brief the commission on the subject of indirect cost.

Brown explained that in the past, the highway program did not accept indirect cost charges to the program. TEA-21 opened that up. Indirect cost could be charged to the program itself. That generated conversation in state departments of transportation across the nation. However, because that takes money off the infrastructure, many states hesitated to move in that direction. Montana was such a state. About two-and-a-half years ago, we started looking at it as a financing tool that might hold off fuel tax increases if we used it sparingly. We had several discussions and decided to work with FHWA to implement a two percent indirect cost reimbursement. When we did that, we did it rather innovatively: every weekly billing, we tacked on two percent. Shortly afterward, Representative Balyeat presented a bill that was passed in special session requiring state agencies to seek full recovery of indirect cost. We rushed into fitting indirect cost recovery into our innovative method. The administration division oversimplified how that could happen. We implemented it on July 1, 2004. It blew up. There is an eligibility question to be applied on every single grant. The largest thing is that as we charge individual projects with indirect cost, there are a lot of projects with the local governments that are bearing indirect cost. Local governments and staff immediately responded.

In the meantime, FHWA determined that a single indirect cost project was not legal – the large projects were bearing the indirect cost for the small projects. Each project had to bear its own cost. FHWA is willing to allow us to go back to our old method for the remainder of this fiscal year. We have committed to having a method in place by July 1, 2005.

Galt said rumor has it that the legislature will look at a bill to fix this.

Straehl said a letter is going out to all local governments to let them know of this.

Currie met with MACO a couple of weeks ago, as well as the League of Cities. Vern Peterson is going to take the lead on submitting a legislative fix on this. Even though a legislative fix would not require us to assess full indirect cost, we will still assess an indirect cost that will keep the Highway Trust Fund solvent, rather than looking to increase the gas tax.

Jan brown said FHWA is not the only one that is telling us this is the way to go.

Announcement

Galt announced the retirement of Chief Engineer Joel Marshik on January 7 with his last day on December 17. Loran Frazier will be acting chief engineer, and Dwane Kailey will be acting Missoula district administrator.

Agenda item 16: Video presentation – Evaro-Polson construction worker

The video will be shown to all who work on the construction phase of the project. The video emphasizes the unique nature of the area and the expectations that those who visit are to honor the spirit of place, the creatures, the culture and the land.

Agenda item 15: commission schedule

Currie said we will switch the meetings on the 27th and 28th to accommodate Commissioner Howlett's schedule. As much as possible, the commissioners and DAs should be there for the meeting on the 29th.

The commissioners should expect to serve beyond the expiration of their official terms; the new administration probably won't name the three new commissioners until March. It was decided to wait until December 10 to schedule any meetings in 2005.

Commissioner Reiter moved to adjourn the meeting; Commissioner Espy seconded the motion. All five commissioners voted aye.

The meeting adjourned at 3:09 pm.

Shiell Chairman Anderson, Chairman
Montana Transportation Commission

David A. Galt, Director
Montana Department of Transportation

Lorelle Demont, Secretary
Montana Transportation Commission

Montana Transportation Commission

October 14, 2004 meeting

Ruby's Inn and Convention Center ~ 4825 N Reserve, Missoula MT

In attendance:

Shiell Anderson, Transportation Commission Chair
Nancy Espy, Transportation Commission Vice Chair
Kevin Howlett, Transportation Commissioner
Meredith Reiter, Transportation Commissioner
Dan Rice, Transportation Commissioner
Dave Galt, Director –Montana Department of
Transportation (MDT)
Jim Currie, MDT Deputy Director
Sandra Straehl, MDT Rail, Transit & Planning
Administrator
Joel Marshik, MDT Chief Engineer

Janice Brown, Montana Division Administrator – Federal
Highways Administration (FHWA)
Mike Duman, Assistant FHWA Division Administrator
Dale Paulson, FHWA Program Development Engineer
Loran Frazier, MDT Missoula District Administrator
Ray Mengel, MDT Glendive District Administrator
Bruce Barrett, Billings District Administrator
Mick Johnson, Great Falls District Administrator
Jeff Ebert, Butte District Administrator
Mary Gayle Padmos, Planner and P³ Process Coordinator
– Rail, Transit and Planning Division

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Chairman Anderson called the meeting to order at 12:20pm.

The materials given to the commission during the meeting are attached for reference.

Obligation estimates for 2005-2009

Given that Congress has not passed a federal transportation bill yet, we must make an educated guess as to what our revenue stream will be, based on House and Senate activity to date. We could plan based on lower estimates (based on extension of current law) or higher estimates (based on the Senate approach to minimum guarantee).

Commissioner Rice made a motion to use the higher budget reauthorization estimate numbers beginning in fiscal year (FY) 2005 with \$302.8 million, \$312.9 million in FY 06, \$317.9 million in FY 07, \$335.3 million in FY 08 and \$393.1 million in FY 09. Commissioner Espy seconded and the motion passed unanimously.

Adjustments to the CMAQ and Urban programs

The current allocation to the Urban program is \$8.2 million per annum. Increasing the program by 50% (\$4.1 million) would bring the annual allocation to \$12.3 million. One option would be to continue distributing the funds to urban areas on a per capita basis. Another option would be to distribute the majority of the funds (88-90%) on a per capita basis, with 10-12% reserved for those areas that have experienced high growth. A high growth area would be defined as an area that has experienced 15%+ growth since the last decennial census. The known high growth areas are Missoula, Kalispell and Bozeman. Those areas are simply not keeping pace with their infrastructure needs and the commission would like to help them.

The CMAQ program is a discretionary program, meaning areas must apply for funding for specific projects. Staff suggested that it would be beneficial to urban areas' planning efforts to move these funds to the Urban program where they would be distributed according to a known formula, and therefore could be relied upon as a consistent revenue stream.

Commissioner Rice wanted to ensure that there would still be some funding available to rural areas to address air quality issues. \$1 million will be reserved for discretionary funding to rural areas.

Commissioner Reiter made the motion to accept Jim Currie's and Sandra Straehl's recommendation to increase the Urban Program by \$4.1 million by redirecting CMAQ discretionary funds. Also, the department will work with the local governments and come back to the commission at a later date with a recommendation regarding the mechanism for distributing the funds. Commissioner Anderson seconded the motion and it passed unanimously.

Staff briefed the commission on the number of steel bridges in the state that are aging and the estimated cost to replace them. Money will be needed over the next several years to prolong the life of the bridges through preventative maintenance.

When rest area projects must compete with highway projects, rest area projects are usually placed as a lower priority. However, rest area facilities provide a major impression of the state to visitors, and also provide a place for travelers to rest and be refreshed, and thereby potentially reduce fatigue and fatigue-related accidents. Should we have a systematic plan to prevent rest area projects from being pushed out indefinitely?

Commissioner Espy made the motion that MDT build at least one rest area a year beginning in 2007. Project choice should take into account usage rates, condition of existing facilities, and whether or not the location is near a border. Commissioner Reiter seconded the motion and it passed 3 to 2 (Commissioners Rice and Anderson voted against the motion).

The current goal is for our road system to have less than 10 percent of Interstate lane-miles and less than 20 percent of the NHS and primary routes with a poor ride index. Jim Currie recommended that we tighten the goal to less than five percent. There was no opposition to the recommendation, given that we are already meeting that goal.

Commissioner Rice moved to add the funding distribution for 2009 per the staff recommendation (see table below). Commissioner Reiter seconded and the motion passed unanimously.

% by System		% by District	Distrib by Work Type				Budget by Work Type		
District			Recon	Rehab	Resurf	Total	Recon	Rehab	Resurf
NHS Interstate		27%							
1 - Missoula		21%	0%	68%	32%	100%	0	4,474,191	2,112,871
2 - Butte		27%	0%	40%	60%	100%	0	3,413,125	5,168,898
3 - Great Falls		15%	0%	52%	48%	100%	0	2,426,255	2,277,421
4 - Glendive		14%	0%	73%	27%	100%	0	3,281,623	1,216,417
5 - Billings		22%	0%	52%	48%	100%	0	3,690,267	3,358,102
NHS Non-I		32%							
1 - Missoula		40%	38%	26%	36%	100%	1,947,679	1,316,507	1,797,449
2 - Butte		7%	0%	100%	0%	100%	0	2,460,038	1,969
3 - Great Falls		16%	0%	98%	2%	100%	0	5,869,482	116,008
4 - Glendive		24%	46%	48%	6%	100%	4,174,187	4,335,025	497,475
5 - Billings		13%	0%	95%	5%	100%	0	4,466,655	250,712
STP-P		40%							
1 - Missoula		18%	49%	34%	17%	100%	4,158,621	2,878,760	1,465,656
2 - Butte		28%	57%	22%	21%	100%	7,306,999	2,763,439	2,749,760
3 - Great Falls		22%	83%	6%	11%	100%	8,411,241	588,032	1,078,301
4 - Glendive		17%	29%	48%	23%	100%	2,292,807	3,842,377	1,866,781
5 - Billings		15%	87%	4%	9%	100%	6,238,099	316,594	626,839
All Systems		100%							

The meeting adjourned at 3:45 pm.

Shiell Chairman Anderson, Chairman
Montana Transportation Commission

David A. Galt, Director
Montana Department of Transportation

Lorelle Demont, Secretary
Montana Transportation Commission
attachments